



STATE OF TENNESSEE

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State Needs Larger Safety Net for the Working Poor, Those in Poverty

NASHVILLE, Tenn. – Tennessee needs to widen its safety net of social and educational programs to help rescue its poorest citizens from a life of poverty, a new study by the state comptroller's Office of Research showed.

The study found that more Tennessee children than adults live in poverty – about 18 percent of children compared to 13.5 percent of adults.

Another 23 percent of children live in conditions considered “working poor” – families with incomes of between 100 percent and 200 percent of the federal poverty level.

The 2004 poverty level annual income is \$15,670 for a family of three, \$18,850 for four people.

“Although programs such as TennCare and Families First have improved the lives of many Tennessee families, the ‘safety net’ has apparent gaps. The system lacks needed services, and certain populations remain at higher risk of living with unmet needs,” the report said.

“In addition, as families move toward self-sufficiency, they lose eligibility for support services necessary to survive in low-wage jobs. Many lack the education or training to earn a living wage.”

Tennessee's elderly, homeless and immigrants also suffer the ill effects of poverty. Tennessee has the nation's sixth-fastest growing immigrant population and fourth-fastest growing Hispanic population.

About one-fourth of Tennessee's homeless population is mentally ill, compared to 6 percent of the population at large, the report said.

The report noted that Tennessee's heavy reliance on sales taxes places a disproportionate tax burden on the poor and working poor. The Tennessee Tax Study Commission should consider a food sales tax credit or rebate program to reduce that tax's regressivity, according to the report.

Tennessee ranks 40<sup>th</sup> in the nation in state per capita spending on Temporary Assistance for Needy Families (TANF). The state provides \$15 per person, only 39 percent of the \$38 national average.

Tennessee's Department of Human Services (DHS) administers numerous programs associated with the poor, but frontline DHS eligibility counselors, food stamp and Families First workers are carrying two to three times the recommended caseloads, the report said.

The report recommends the state expand the Jobs Council or create a Poverty Council to “examine the costs and benefits of funding the state's safety net and how these programs and services contribute to long-term state goals.”

Legislators could consider emergency assistance and more Families First child care benefits, and help more low-income people with TennCare premiums and child care subsidies, the report said.

The report is available on the Comptroller's Web site at [www.comptroller.state.tn.us](http://www.comptroller.state.tn.us).